

NEWS RELEASE



STATE OF ALABAMA
Department of
Industrial Relations
News For Immediate Release
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HAPPY BIRTHDAY TO UI: UNEMPLOYMENT INSURANCE LAUNCHED 70 YEARS AGO

MONTGOMERY, ALABAMA, August 29, 2005 On September 14, 1935, exactly one month after President Franklin D. Roosevelt signed the Social Security Act of 1935 into law, Alabama passed the state's first unemployment compensation law.

Passage of the Social Security Act occurred during the Great Depression in an effort to bolster an economy in which one-third of the U.S. labor force was out of work. The law established two social insurance programs on a national scale: benefits for retired workers and unemployment insurance (UI).

"The unemployment compensation law is for the betterment of humanity and preservation of a man's family and his self-respect when he is out of a job," stated J.L. Kaufman, chairman of the Alabama Unemployment Commission, in 1936.

Benefits are available to persons who lose their job through no fault of their own, and who are able and available for work.

"Benefits were not paid during the first two years of operation of the unemployment compensation law," says Phyllis Kennedy, Industrial Relations director. "The program called for creation of an unemployment trust fund for employer contributions for a two-year period before any benefits were paid."

Benefits paid to Alabama's eligible unemployed workers in 1938, the first year they were entitled to benefit payments, totaled a little more than \$8.1 million. The average weekly unemployment check was \$7.75. In 2004, total benefits paid exceeded \$246 million, and the average weekly unemployment check was \$176.64.

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Industrial Relations is an umbrella organization of State government which administers: the State Employment Service, Unemployment Insurance, Workers' Compensation, and Labor Market Information. Smaller programs also administered include Abandoned Mine Land Reclamation, Mine Safety and Inspection, and Surface Mining of Non-Fuel Minerals. For more information on DIR visit the Web site: <http://dir.alabama.gov/>.